

**EXHIBIT 781 TO  
CISNEROS DECLARATION  
REDACTED VERSION**

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**From:** Hyder, Gwendolyn K  
**To:** Stevens, HR Bradley A  
**Sent:** 4/2/2009 2:18:34 PM  
**Subject:** FW: Updated Field/Factory Conversion Presentation  
**Attachments:** 2008Commission\_conversion\_training3.ppt

Hi Brad - I'm in staffing and working on the team pulling together training for the staffing consultants. Deanna Ingram sent me the training you held in December and I was hoping we could get you to present to the staffing consultants most likely ww16. Would you be available?  
Thanks  
Gwen

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**From:** Ingram, Deanna L  
**Sent:** Wednesday, April 01, 2009 6:11 PM  
**To:** Hyder, Gwendolyn K  
**Subject:** FW: Updated Field/Factory Conversion Presentation

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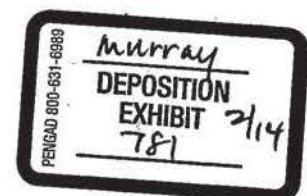
**From:** Stevens, HR Bradley A  
**Sent:** Thursday, December 04, 2008 3:55 PM  
**To:** Anderson, Pam  
**Cc:** Manning, Michael; Tham, Alex; Li, Lisa D; Nakayama, Tetsuya; Araya, Joanna; Stevens, HR Bradley A  
**Subject:** Updated Field/Factory Conversion Presentation

Pam, please distribute to those who attended the presentations yesterday. I have changed the offer flow slide (and related comp docs on line) to reflect that Staffing is driving the hiring process and escalates to BGHR only as needed. I also updated a few calcs in the excel spreadsheet to better show the compa-ratio method when an ee is transfer to field/factory and moving to another country at the same time.

Thanks for your coordination and to those who attended! Of course, I especially appreciated comments during the sessions from the SMG C&B Account team!

Finally, let me know what you find out on updating the hiring tools with the new commission assumption of 118%.

Thanks and Regards, Brad



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## **Field/Factory Compensation Conversion Training**

Field to Factory Conversion  
Factory to Field Conversion  
Updated Dec 4, 2008

6/19/2012

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## **Purpose of this Training**

To provide a better understanding of commission conversion principles & processes from field to factory via versa.

By the end of this session, you will be able to:

1. Explain Intel's conversion (field to factory via versa) guiding principles, processes & tool includes the different factors used in developing the conversion package;
2. Partner effectively with hiring/receiving manager/employee to explain the implications of moving on and off commission plans.



## Refresh- Key Concepts Quiz

- **How do we determine EB, ECBP and Commission assumption?**
  - Common sense
  - Future projected business performance against goal and historical trending
- **How often EB, ECBP and Commission assumption are reviewed?**
  - Yearly and make changes when necessary based on biz performance forecast
  - Never change
- **Who should approve the conversion offer package:**
  - Hiring manager + exception process approval if necessary
  - C&B only
- **For conversion, we only need to focus on Base Pay only:**
  - True
  - False - we should target pay to remain whole instead of focus on single item
- **Do we include Geo Differential in conversion**
  - Yes only if employee leaving the country who has the geo differential
  - No
- **Who can determine the commission split for a transfer to sales job?**
  - Biz manager
  - Commission Office
  - C&B
- **Who determines the new job code for a transfer?**
  - C&B
  - Hiring Manager only
  - Hiring Manager & Staffing consultant/BGHR
- **Is base pay always adjusted during conversions?**
  - True or False

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## Agenda

- Definition and General Principles
- Compensation & Grade Structural Change
- Conversion tool and consideration
- Other Compensation Aspects
- Back Up



## Definition & General Principles

➤ **Conversion occurs when an Intel manager wishes to offer:**

- a Factory job to an Intel Sales employee (G80 series) or
- An existing Sales employee (G80 series) a Factory job (exempt series)

➤ **Compensation structure differ between Factory and Sales roles**

- Sales roles usually carry a much **higher variable pay** element relative to overall target cash compared to EB roles
- [REDACTED]
- EB payout occurs annually in marketing role, however, directly dependent on company performance: financially, operational and relative to other companies
- Employee involved in this conversion should expect a potential change of amount of compensation and some of the benefits, example car allowance

➤ **The "starting point" goal is to keep the total cash similar for in country conversion.**

**Redacted - AC**

➤ **For cross country offers, other factors i.e. compa ratio, internal equity, and legal requirements drive the offer package**

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- Job code for factory marketing jobs are 2xxxxx (IC) & 3xxxxx (Mgr). Examples of job title include marketing specialist, PME, TME, Marketing Manager etc.

- Job code for field employees are 4xxxxx (IC) & 5xxxxx (Mgr). Example of job title include FAE, CAM, DSM, etc.

- a commission employee have a much higher degree of influence and the ability to over achieve against the objectives agreed with your manager.

- EB roles, however, are paid through an annual bonus plan (Employee Bonus) which Intel shares profits with employees in a form of cash reward to align the employees and the business groups they operate within at Intel around the Corporate Strategic Objectives and provide a financial incentive to our employees to achieve corporate strategic goals. The result is employees having a financial interest in Intel profitability and business performance.

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## Comp & Grade Structure Change

- Grade structures differ between Factory and Sales roles. Conversion usually occurs with lateral moves.
- The new salary/grade will be determined after a discussion of several factors:
  - interview process
  - Scope and impact of job, time in grade/Job esp. for potential grade change
  - Grade offered
  - Peers and internal equity
  - Experience and performance
  - Variable payout trends
  - Relative position in the salary range
  - The region the employee is moving to/from
  - Mgmt driven exceptions
- Grade structure reference (usually used for lateral transfers)

81 = 3	82 = 5	83 = 6	84 = 7	85 = 8	86 = 9	87 = 10	88 = 11	GER & GAR
81 = 5	82 = 6	83 = 7	84 = 8	85 = 9	86 = 10	87 = 11	88 = 12	GAM





### Conversion Offer Package Development



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## Offer Development Tools

### Field Conversions



Microsoft Excel  
Worksheet

#### Factors for Consideration:

- Keep pay whole unless a promotion or demotion  
(reference to variable pay- EB/Commission & ECBP assumption determined in each financial year, i.e. EB@3X & Commission @118%, ECBP@6%)
- Internal equity and range position
- Appropriate split according to job (refer to Geo Commission Plan)
- Compa ratio when cross country movement
- Legal requirements

**Note:** benefits eligibility can change but should not part of T-cash



#### Instructor Notes:

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**Examples of related benefits impact as result of conversion (vary by country)**

GAM/LAR	GER	GAR
➤ Car plan ➤ Insurance	➤ Company Car ➤ Home Based Office (HBO) Allowance	➤ Car allowance ➤ Vacation leave ➤ Pension Plan (IJKK & India) ➤ Insurance

Contact Local Commission Office or BGHR for more details, or C&B for specific issues regarding these programs.



**Instructor Notes:**

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## Next Steps

- **What:** Use the knowledge gained today to more effectively partner with business groups and compensation
- **When:** Year round
- **Where:**

1) Related C&B guideline can be found from C&B website under "Comp Processes for BGHR":

[http://moss.amr.ith.intel.com/sites/Comp\\_Benefits/Pages/Default.aspx](http://moss.amr.ith.intel.com/sites/Comp_Benefits/Pages/Default.aspx)

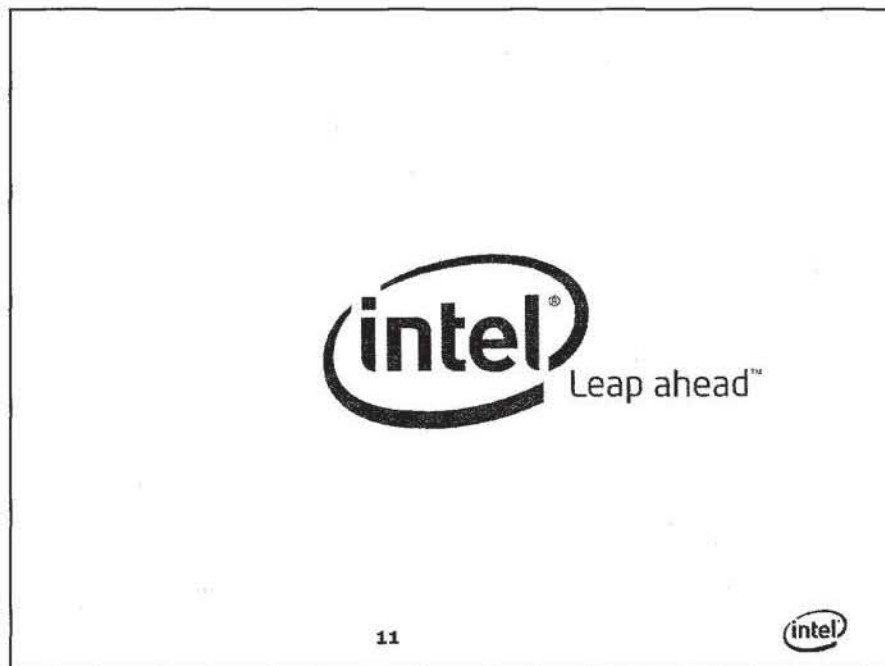


2) Updated commission plan by Geo can be found at:  
<http://teamsites.fm.ith.intel.com/sites/Commissions/default.aspx>



## Instructor Notes:

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**Instructor Notes:**

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## Focal Budget development

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### External Climate

- Economic Indicators by Country/Region
  - Gross Domestic Product (GDP), Inflation, Unemployment, General & Hi-tech Wage Movement %, currency fluctuation
- Trend of market movement
  - General market and high tech wage movement (actual and predicted)
- Competitor practices/budgets
  - Change in T-Comp competitors for talent
  - Estimates of their budgets
- Competitiveness of hiring environment - Factors impacting labor supply and demand in your market
  - Critical skills availability, competitor plans (growing or downsizing), abnormally low or high unemployment overall and in the Tech sector, pending legislation, union activity

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Gross Domestic Products (GDP) is an index of measuring economic activity expansion or contraction.

Currency fluctuation: currency exchange rate raises up and falls down quite significantly during a certain period. Some macro indicators of a country may be impacted by currency fluctuation.

The Compensation Analytics and Research (CAR) team collects this information from all major countries and captures it in the Competitive Intelligence Tool.

**Ask class participants for examples of how their environments have changed over the last 2 years.**



**Slide 2**

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**p4** Lincoln, I put something in the notes section below about the Competitive Intelligence tool for capturing this kind of information. Would you review and write it better?  
pbmay, 9/13/2006

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### Internal Climate

- Turnover by employee job category
  - Desired vs. undesired
  - Intel vs. market
  - Key factors impacting turnover – from exit interviews, employee surveys, etc.
- Hiring Data (Accept/Offer etc.)
- Staffing plans and trends
- Business plans
  - Ramping up/down What sites
  - Critical jobs, new skills needed
- Intel's overall position of market
- Intel's business performance and financial ranking relative to peers

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### What is your site Experiencing?

- Input from BGHR, Staffing and Operations Management through 1:1s, meetings or internal environmental scan questionnaires.
- Are there specific areas where we are experiencing market/internal equity issues?
- What is our turnover rate?
  - What are the primary causes for the turnover?
  - Desired, Undesired, Total
  - Is turnover different by grade groupings?
- Are we having difficulty hiring, or are we the only "game in town"?
  - What is our offer to accept ratio?
- What are our hiring projections for the coming year?

WHERE DO YOU GET INPUT: MANAGERS, GENI, MARKET SURVEY, T-COMP PARTNER MEETINGS, ORGANIZATIONS PLAN DOCUMENTS, ENVIRONMENT SCAN.

Balance the numerical results with business strategy and environmental data

→ turnover, hiring needs, offer to accept ratios

→ economic activity, market competition for people

→ We need to evaluate pay to market using the target market position approach AND comparing T-Comp actuals for Intel and the Market.

→ Judgment needs to be applied to take into account corporate and site business strategies, local market conditions, etc.

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### Total Cash Compensation Strategy



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From T-Comp Philosophy class.

[Redacted line of text]

[Redacted line of text]

[Redacted line of text]

[Redacted line of text]

[Redacted line of text]

[Redacted line of text]

[Redacted line of text]

**Total Cash Goals Grades 2-8, Non Exempt and Sales Grades to 84**

Intel Total Cash Pay Goals

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These goals were introduced at Focal 2006. We expect them to remain until we find the need to revise them due to business and/or market conditions.

[REDACTED]

[REDACTED]

**These Total Cash goals refer to Intel *on average*, not each employee.** There will be employees above and below this objective due to performance.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

## Budget Strategy



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How do we come up with a budget strategy?



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**Slide 6**

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- p11** Do we want to include any prior focal cost here or would that be bad considering we're coming off probably the highest cost focal since it was for the highest population of Intel?  
pbmay, 9/13/2006

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## Budget Development



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**Budget Strategy and Development example  
- Focal 2006**



Anything to add or correct?

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## Budget Approval

- Budget recommendations go through a multi stage review process:
  - C&B management
  - Patty Murray & Richard Taylor
  - Andy Bryant
  - MCM C&B Advisory Board
  - Paul Otellini
- Stakeholder input is considered
- Paul Otellini is the approver

Check with Claire

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Budget proposals put into context given the various business objectives

PSO and CRB sees the summary of internal and external data, summarized market position information, and various budget proposals and spending alternatives

PSO and CRB do not approve/disapprove of specific TMA jobs; he sees the overall spending approach only

## **Budget Implementation**

- Information loaded into Focal Tool
  - Merit Matrix
  - Merit, Promo, Adjustment, and Stock budgets
  - Salary Ranges
  - Guidelines
    - Stock, EB
- Key messages for focal
- Focal process begins

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## **Focal Budget components**

### **Merit**

- The main budget element that matches projected market movement of pay
- Derived from an assessment of projected labor cost movement for each country and our budget strategy
  - Example – if you want to close the gap for everyone equally, have larger than market merit budget
- Not based on Intel's profitability or the cost of living

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**Focal Budget components**  
**Promotion/Adjust**



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[Redacted text block consisting of several lines of blacked-out content]

## **Focal Budget components**

### **SMA**

#### **➤ What is SMA and why do we use it?**



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When we say **job** it is actually the combination of a **job and grade** such as Software Engineer gr. 3. Prioritization: [REDACTED]

[REDACTED]

**SMA – Critical**



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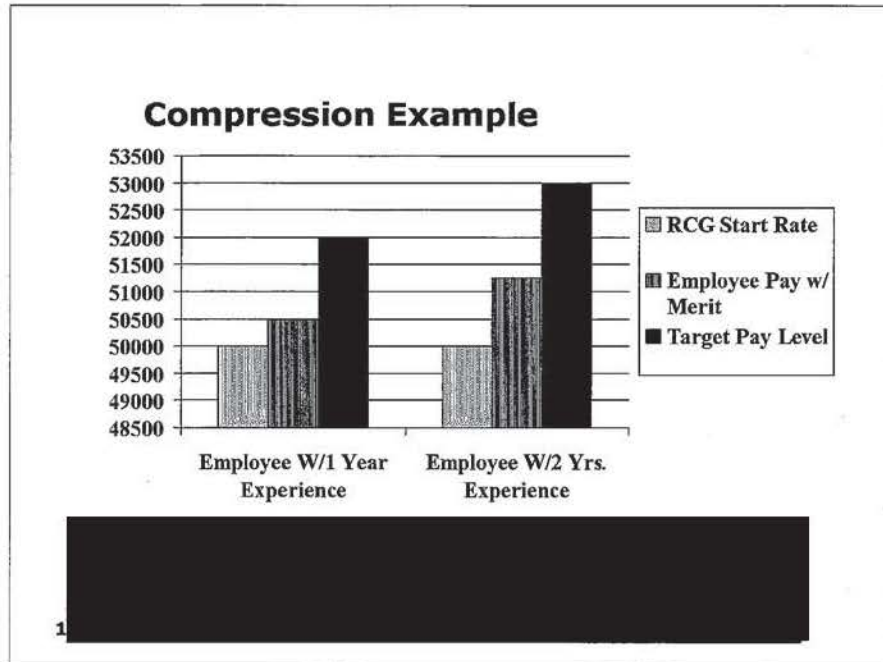
### **SMA - College Compression**



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ASSUMES A MERIT BUDGET PROPOSAL OF 4%.

**•GENERAL ASSUMPTIONS ON SETTING TARGETS:**

EMPLOYEES WITH 1 YR OF EXPERIENCE: [REDACTED]

[REDACTED]

EMPLOYEES WITH 2 YRS. OF EXPERIENCE: [REDACTED]

[REDACTED]

[REDACTED]

THE ADJUSTMENT CALCULATION IS:

[REDACTED]

p12

## Use of SMA

➤ How do we apply SMA?



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When we say **job** it is actually the combination of a **job and grade** such as Software Engineer gr. 3. Prioritization: [REDACTED]

[REDACTED]

[REDACTED]

**Slide 17**

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**p12** Lincoln slide  
pbmay, 9/5/2006

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**Example: Budget Components**

	Market	Intel Budget
Merit	3.5%	3.5%
Promotion/Adjustment	1.0%	1.1%
SMA		0.5%
Total Focal Budget	4.5%	5.1%

Total Budget is 0.6% higher than market

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We're leading the market by .6%

What problem are we trying to solve? Get base to our goal for specific jobs with SMA and to address some new hire compression

## The Focal Budget

### ➤ In summary -

- [REDACTED]
  - [REDACTED]
  - [REDACTED]
- [REDACTED]


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Intel's Stock Benefits	
Intel's Compensation Philosophy	How Stock Benefits Support Intel's Compensation Philosophy
	
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**p13** **Stock Matrices/Budget**



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**Slide 21**

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**p13**

Mike Namie will expand on this and give it to use 9/15 or 9/18.

pbmay, 9/13/2006

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**Options and Restricted Stock Units (RSU) mix by Grade**  
Beginning April '06

**Option/RSU % Mix by Grade**

	<u>Options</u>	<u>RSU</u>
NEx - Grade 6	■	■
Grades 7 - 8	■	■
Grades 9 - 10	■	■
Grade 11 - 13	■	■

**Philosophy:** More current cash for those who need it most.  
More pay directly dependent on company performance for people at the higher grade levels

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Our goal is to deliver a broad-based stock program that provides value for all employees

The Intel stock program will use a mix of RSU and Options depending on grade level.

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]

**Example Stock Matrix (table)**



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Backup

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### **Additional Market Position Consideration**

- Year 2 of SMA strategy
- Critical job / How to determine?
  - primary function of organization
    - are you primarily design, factory, sales and marketing?
  - most urgent hiring needs, difficult positions to fill, higher turnover, long training time, low supply vs high demand
- Market Position
  - may consider maintaining a "better" market position for critical jobs than overall population
- We have limited resources, need to make the allocation decisions that best support the strategies of the organization

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**WHAT JOB FAMILY MOST DIRECTLY SUPPORTS YOUR ORGANIZATIONS PRIMARY MISSION? If you do not know this, where would you get the answer?**

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